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RV BUSINESS

L 20, 1990

Fleetwood Heads '89 Sales Rankings

Based on 1989 unit-sales rankings of the top-10 RV manufacturers in the towable and motorized markets, Tom Walworth, general manager of Statistical Surveys Inc., Grand Rapids, Mich., announced that, for the second consecutive year, Riverside, Calif.-based Fleetwood Enterprises Inc. garnered the No. 1 position in all categories in which it competed.

Top-10 finishers in the towable market, in order of market share, were Fleetwood, The Coleman Company Inc., Somerset, Pa. (now also a Fleetwood subsidiary); Jayco Inc., Middlebury, Ind.; Skyline Corp., Elkhart, Ind.; Coachmen Industries Inc., Elkhart, Ind.; Starcraft Recreational Products Corp., Topeka, Ind.; Mallard Coach Co. Inc., Nappanee, Ind.; Kit Manufacturing Co., Long Beach, Calif.; Vanguard Industries of Michigan Inc., Colon, Mich.; and Holiday Rambler Corp., Wakarusa, Ind.

As far as market share, Walworth's rankings indicated that there was little competitive shifting. The same companies appeared in the same positions in the top-five spots in both 1988 and 1989. However, since Coleman's fold-down trailer division was acquired by Fleetwood in December 1989, Fleetwood's dominance in this market is now even larger than indicated by the '89 unit-sales rankings.

Taken as a whole, the top-10 towable makers accounted for 68.1% of the total towable market, Walworth said. No. 1 finisher Fleetwood was listed as holding a total of 29.5% in all of its towable categories in '89.

On the motorized side, the

continued on page 14

PERSPECTIVES ON PARTS: Two trends indicate how dealers are boosting parts-department profits: improved sales training and computerization. See articles on pages 24 and 33.

Ford to Limit Van Chassis to Pool-Account Converters

Ford Motor Co. is following in the footsteps of the Chevrolet Motor Division and has announced that it will phase in a van-chassis distribution program, which, by the end of 1992, will prohibit Ford retail dealers from supplying conversion-package chassis to nonpool conversion companies.

Ford's program basically is the same as the pool program put into effect in the fall of 1988 by Chevrolet, confirmed Ford spokesman Woody Haines. As with Chevrolet, the goal of the Ford chassis program is to improve control over van-conversion quality by restricting chassis to approved pool-account converters

Although it created a furor at the time, Chevrolet's restrictive chassis-distribution program was not as traumatic as many in the van-conversion industry assumed because Chevrolet expanded its approved pool-account customers from approximately 65 to about 195 conversion companies.

Most likely, Ford, too, will lengthen its list of pool-account customers from 61 to approximately 150 conversion companies, said Jerome Mittman, Ford Division RV sales manager.

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7 Model Lemon Law, N.Y. Bill Worry Industry

7 Texas Firm Buys Sherrod

8 Arbitration Plan Discussed By RVIA, Detroit

9 Ford Boosts Gvwr of Largest Class A Chassis

9 GE Capital Expands Dealer Loan Portfolio

9 Calif. Coach Owners Face Smog-Law Snafu

10 Airstream Sees Aluminum-Trailer Niche Dominance

10 Tern Industries Buys Van Express From Vyquest

11 Former Rexhall Principal Founds New Company

11 Delinquency Rate On RV Loans Down in '89

12 Chevy Seeks Closer Ties To RV Industry

RV BUSINESS

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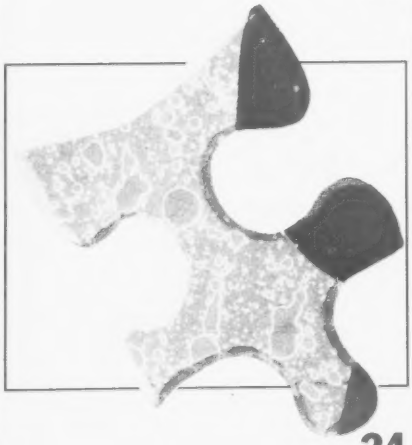

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COVER ART: FRED SMITH

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Selling Parts ____ 24

More dealers are seeking to develop the parts department into a profit center with strategies ranging from expansion to reorganization. But a key element in their diverse efforts is a focus on better sales training and incentives for parts personnel.

Computerizing Parts ____ 33

Although dealers and computer experts admit that computerization of the parts department is not an easy task, they agree that, once accomplished, it is a great way to increase speed, efficiency, cost control—and eventual customer satisfaction.

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MANUFACTURERS

Former Rexhall Principal Founds HallCraft

Andy Hall, a co-founder of Rexhall Industries Inc., has founded a new, separate motorhome-manufacturing company, HallCraft Industries Inc., in Riverside, Calif.

The new firm, which produced its first Class A motorhome in late February, is based on the concept of building a top-quality motorhome with "all the latest stuff" at a low-to-moderate price, explained Charles A. "Andy" Hall. HallCraft's Chaparral Class A is expected to retail in the low $40,000s, and Hall said it will compete head-on with the Airex of his former company, Rexhall. He asserted, "I think we're going to knock 'em dead. The Chaparral provides a lot of value for the dollar."

The concept of delivering high value at a low cost is one that Hall saw work well at Rexhall, which sold $34 million in motorhomes in 1989. But Hall said he and Bill Rex, Rexhall co-founder and president, parted company in January 1989 when they could not agree on how much stock each would own after Rexhall's initial public-stock offering last summer. Rex bought out Hall's one-third interest in the company for $763,133, much of it on a note, according to Rexhall documents.

Hall is using those funds to pay for the start-up of his new company. To date, he and his wife Mary, who is responsible for designing the motorhomes' interiors and running the office, have invested $250,000 in the company, "and everything is paid for," stated Mary Hall. The company is operating out of a leased 12,000-square-foot plant in Riverside.

Hall said he now wants to increase production from one unit a week to two units a week and hopes to see one motorhome a day rolling off the line by the end of the year. To reach that goal, he said he expects to exercise the option on an additional 12,000 square feet of factory space adjoining his current operation.

Mary and Charles "Andy" Hall with their firm's Chaparral Class A

HallCraft also is starting to set up dealerships, with the first few located in Southern California. Initial response from dealers has been very positive, according to Hall.

The Chaparral comes in three floorplans in lengths of 27, 29 and 31 feet, with the two longer units on a 14,500-pound gross vehicle weight (gvw) Chevrolet chassis and the 27-footer on a 12,300-pound gvw Chevy chassis. The 10-foot, 4-inch-high units are designed with a dinette area across from the kitchen, a sofa-chair combination up front and a queen-size bed in the rear. Standard features also include cedar-lined closets, an LP-gas detector, radial tires, a rubber roof, fiberglass front and rear caps, and a roll-down window on the driver's door. Δ—*Vickie Elmer*

FINANCE

Delinquency Rate of RV Loans Down in '89

Although the national economy and the RV industry were sluggish last fall, the delinquency rate on loans from commercial banks to RV-retail buyers declined in the second and third quarters of 1989 compared with the same quarters of 1988. (The American Bankers Association defines a delinquent loan as being 30 or more days overdue.)

The delinquency rate for RV loans in each quarter of 1989 also continued to be lower than the rates for other installment loans.

Check the ABA chart below to see how RV-retail loan delinquencies, as a percentage of total RV loans, compared with auto loans and the aggregate of installment loans in 1988 and 1989. Δ—*Jeff Kurowski*

1988	RV	All Installment	Auto
1st Qtr.	1.71	2.19	2.04
2nd Qtr.	2.38	2.34	2.33
3rd Qtr.	2.57	2.42	2.31
4th Qtr.	2.07	2.49	2.46
1989			
1st Qtr.	1.79	2.39	2.40
2nd Qtr.	1.74	2.30	2.44
3rd Qtr.	2.10	2.88	2.70

VAN CONVERSIONS

New Crash Standards May Push Aerostar Out Of Conversion Market

Ford Motor Co.'s Aerostar minivan may become a van-conversion casualty of the 1992 federal safety standards imposing stiff new criteria for crash impacts.

The Aerostar, which is selling extremely well as a passenger wagon, has seen less than 1% of its sales go to the van-conversion market this year, according to Jerome J. Mittman, Ford Division RV manager in Dearborn, Mich.

Ford could still decide to upgrade the chassis to meet '92 crash regulations and to enhance its sales appeal on the conversion market, according to Ford sources. But, given the potential cost and the success of the unit through regular retail channels, it appears unlikely that Ford will change the Aerostar, they indicated. Δ—*Craig Polisky*

GE CAPITAL *from page 9*

and other financial firms, according to Dye. Most of these lenders are not selling RV-related loans because of pressure from government regulators or fear of defaults, he noted, stressing that wholesale loans to RV dealers "are of average risk when compared with other commercial loans."

Instead, Dye said many banks and S&Ls want to sell their RV-inventory loans because they lack expertise in the RV business. "A few years ago, banks and others financial institutions wanted to be full-service," he explained. "But now, they feel that's perhaps not the best way to be." GE Capital has been involved in RV-floorplan lending for five years, and about one-third of its commercial-loan portfolio is RV-related, he pointed out.

GE Capital does not plan to buy any loan portfolios that are smaller than $10 million and plans to hold and service any newly acquired portfolios instead of selling them on the secondary market, said Dye.

GE Capital believes 1990 will be "an OK year" for the RV industry "and will set the stage for growth in the '90s," added Dye, projecting that total wholesale deliveries will be 2% to 5% higher in 1990 compared with 1989. GE Capital also expects that towables will do better than motorized units this year and that "Class As might have a tougher time than the rest of the motorized products," he concluded. Δ—*Jeff Kurowski*

JANUARY'S NEWS: IT DEPENDS ON HOW YOU LOOK AT IT

MORTON J. MARCUS

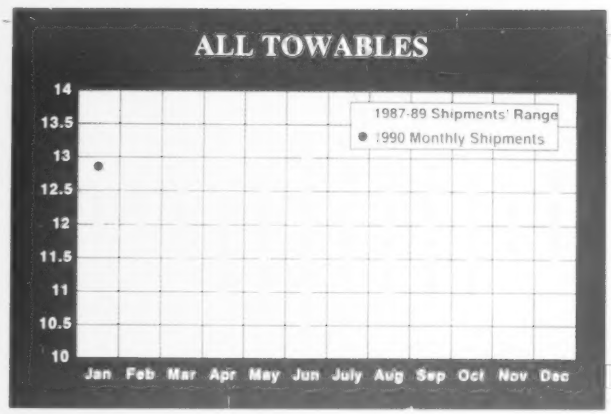


Figure 1

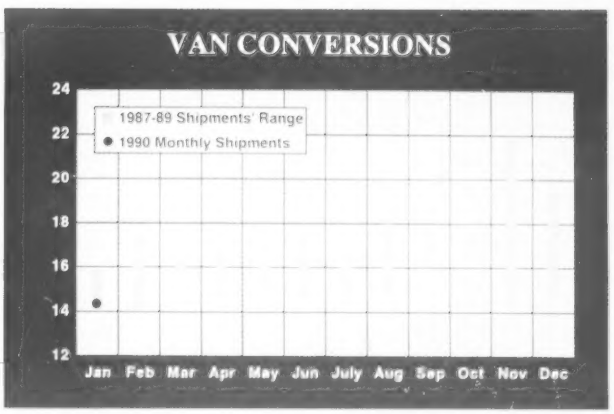


Figure 2

Both van conversion and motorhome shipments in January 1990 came in below the shipments' range reported in the previous three years, although towable shipments were above past experience for the month. As a result, total RV shipments in January fell toward the bottom of their three-year range.

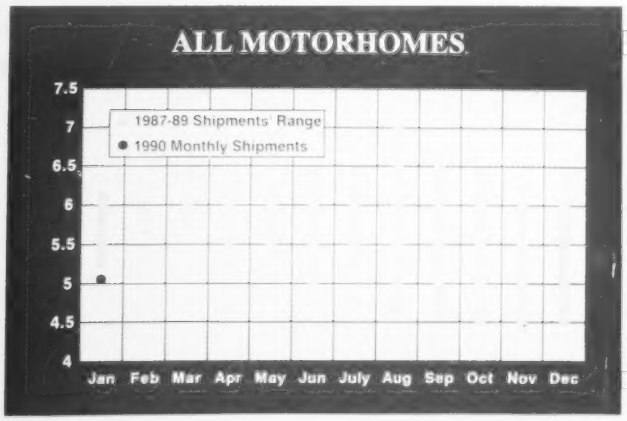


Figure 3

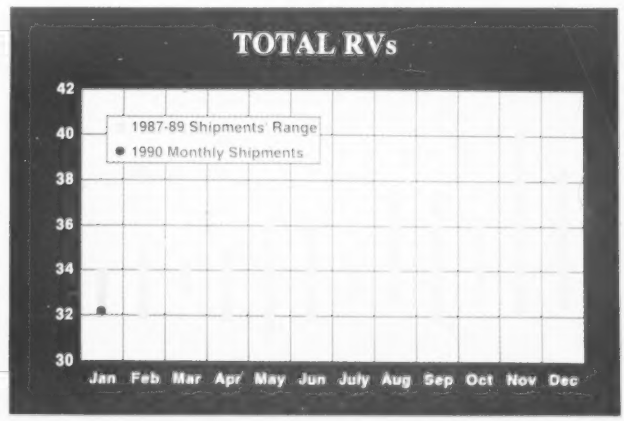


Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

RVIA SHIPMENTS

Two men are walking along the street. "How are you doing?" asks the first. "Compared to what?" responds his friend. It's an old line but one that has continued meaning for the RV industry.

One of the pleasures of writing about RV shipments is that there are many ways to examine the question, "How are we doing?" In this issue, we introduce a new view of shipment data. It is designed to give the reader very quick answers about the status of the industry.

Figures 1 through 4 compare the latest monthly shipment data from RVIA (adjusted for normal seasonal patterns) with the range of shipments reported for the same month over the past three years. For example, in the years 1987, 1988, and 1989, total RV shipments in January ranged from a low of 32,230 to a high of 33,900 units, as shown in Figure 1. This is a fairly narrow range of just 1,670 units, or a 5.2% variation. January 1990, at 32,200 units shipped, fell just short of the three-year shipments span in Figure 1.

As with January, each month in Figure 1 has a colored bar showing the 1987-89 range of total RV shipments. For January, there is also the point indicating shipments for that month in 1990. As the year progresses, we will add more monthly points and be able to see clearly if shipments are falling above, within or below the range of recent history.

Why choose to compare current data with the experience of the past three years? Most business leaders look at current figures in a context. They want to know, "How are we doing compared with recent history?" When we compare current shipments with last year's levels alone, special factors may come into play. If we go back a decade, there could have been dramatic changes in the economy or the industry, which would invalidate such comparisons.

As noted, 1990 has started slowly for RV shipments as a whole. Shipments of van conversions and motorhomes both were below their three-year ranges. Towables, in contrast, were above their three-year range. *(See Figures 2, 3 and 4.)*

In fact, as a group, towables picked up more than four market-share points compared with 1989. They expanded their market at the expense of both motorhomes and van conversions. *(See Figure 5.)*

A comparison of shipment performance on a year-to-year basis also finds total RV shipments in January down by 5%, or nearly 1,700 units, from January 1989. Van conversions led the retreat with a shortfall of nearly 1,600 units (a 10% drop), while motorhomes were off by 900 units (15%) from January of last year. Towables alone were up by almost 800 units, or 7%, compared with the same month of '89.

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1989	1988
TOTAL RVs	100.00	100.00
Travel Trailers:	25.66	23.30
Conventional	15.31	13.48
Park Models	1.69	1.86
Fifth-wheels	8.66	7.95
Folding Camping Trailers	11.64	9.80
Truck Campers	2.69	2.55
TOTAL TOWABLES	39.99	35.65
Motorhomes:		
Class A	8.67	9.80
Class B Van Campers	1.49	1.05
Class C:	5.49	6.67
Minis	3.89	5.51
Low Profiles	0.45	0.43
Micro-minis	1.15	0.73
TOTAL MOTORHOMES	15.65	17.53
Multiuse Van Conversions	44.36	46.82

Percentages may not add to total because of rounding.

Figure 5

However, as Figure 6 indicates, there was much more positive news from a short-term source. When compared with December 1989, January 1990's seasonally adjusted numbers did not look all that bad. There was a massive 2,500-unit drop (a decline of 15%) in the monthly shipments tally of van conversions, but all other types of RV units advanced (except for low-profile Class C motorhomes, which are very low-volume units).

Thus, if van conversions are excluded, total RV shipments in January reached 17,910 units, which was *up* 2,080 units, or 13.1%, from December 1989. Even the low-profile Class C's should not be considered as down for the month, since their drop of 10 units from December to January is not statistically significant. Statistical rounding alone could have yielded such results.

Thus, when compared with December 1989, this year's January shipments looked good for all RV categories except van conversions.

Still, it must be admitted that, compared with either an annual or three-year standard, there were problems for both van-conversion and motorhome shipments in January '90. Only towables performed well by all three standards—monthly, annual and three-year comparisons.

There is no way of saying whether the month-to-month or the year-to-year comparisons are the best indicators of actual market direction. Each provides a different perspective.

But based on all these perspectives, we can say that towables started 1990 on an upbeat note, while van conversions did not. Motorhomes gave off mixed signals. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

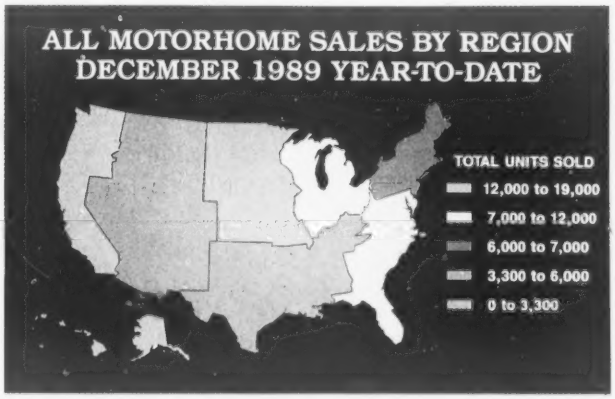
Type of Units	Jan '90	Change From Dec '89 Number	%	Year-to-Date 1990	1989	Change Number	%
TOTAL RVs	32,200	- 420	- 1.3	32,200	33,900	- 1,690	- 5.0
Travel Trailers	8,260	960	13.2	8,260	7,900	370	4.6
Conventional	4,930	660	15.6	4,930	4,570	360	7.9
Park Models	540	120	27.7	540	630	-90	- 14.0
Fifth-wheels	2,790	180	6.9	2,790	2,690	90	3.5
Folding Camping Trailers	3,750	480	14.6	3,750	3,320	430	12.8
Truck Campers	870	70	8.2	870	870	0	0.1
TOTAL TOWABLES	12,880	1,510	13.3	12,880	12,080	790	6.6
Motorhomes							
Class A	2,790	10	0.5	2,790	3,320	- 530	- 15.9
Class B Van Campers	480	90	22.3	480	360	120	34.5
Class C	1,770	470	36.3	1,770	2,260	- 490	- 21.9
-Minis	1,250	220	21.0	1,250	1,870	- 610	- 32.9
-Low Profiles	140	- 10	- 6.3	140	140	0	- 0.4
-Micro-minis	370	260	244.4	370	250	120	48.7
TOTAL MOTORHOMES	5,040	570	12.8	5,040	5,940	- 900	- 15.2
Multiuse Van Conversions	14,290	- 2,500	- 14.9	14,290	15,870	- 1,590	- 10.0

Note: Data rounded to nearest 10 units.

Figure 6

'89 RETAIL MARKET MARKED BY INVENTORY SELL-DOWN

THOMAS WALWORTH



East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; **South Central**: Texas, Oklahoma, Arkansas, Louisiana, Tennessee, Mississippi, Alabama.

The RV-trailer market finished 1989 down by 6.3% from 1988; motorhome sales were down 7.8% compared with 1988's year-end tally. However, although 1989 retail sales declined compared with the previous year, their percentage drop was not as large as the 1989 drop in wholesale shipments, indicating that inventory reductions accounted for much of the slowdown seen by manufacturers.

The RV-trailer retail market was down 13.5%, or 768 units, for December 1989 compared with December 1988. Figure 1 shows the seven national regions ranked by the percentage change in RV-trailer sales for December '89 compared with the same month in 1988. The West North Central region topped the rankings, with Nebraska having the largest percentage gain in the region. In the bottom-ranked East North Central region, Michigan had the largest decline from the previous December.

The year-end retail tally for 1989 shows that the RV-trailer market was down 7,569, or 6.3%, compared with 1988's sales total. Figure 2 details the ranking of regions based on the percent of change in RV-trailer sales from 1988 to 1989. The South Central region led the field, with Alabama recording the region's largest percentage gain for 1989 over 1988. The Northeast fell to last place in terms of 1989 sales performance, and, among the Northeastern states, Massachusetts came in with the largest percentage sales decline.

The motorhome retail market in December 1989 declined by 21.1%, or 863 units, from December 1988. Figure 3 lists the seven regions in order of the percent of change in December '89 motorhome sales compared with the previous December. The motorhome market for the Mountain region took the No. 1 spot, with Idaho reporting the largest percentage sales increase compared with December '88. The South Atlantic region trailed the pack, and

RV TRAILERS, DEC. '89

Dec. '89 Rank	Region	% of Change From Dec. '88	Nov. '89 Rank
1	W.N. Central	6.8	3
2	Mountain	– 9.4	4
3	Pacific	– 9.7	7
4	S. Atlantic	–10.1	2
5	S. Central	–10.4	1
6	Northeast	–14.1	5
7	E.N. Central	–42.8	6

Figure 1

RV TRAILERS, YEAR-TO-DATE

Dec. '89 Rank	Region	% of Change Year-to-Date	Nov. '89 Rank
1	S. Central	0.2	1
2	W.N. Central	– 3.3	2
3	Mountain	– 4.0	3
4	S. Atlantic	– 5.3	4
5	Pacific	– 6.4	5
6	E.N. Central	– 7.7	6
7	S. Central	–13.6	7

Figure 2

MOTORHOMES, DEC. '89

Dec. '89 Rank	Region	% of Change From Dec. '88	Nov. '89 Rank
1	Mountain	14.6	4
2	W.N. Central	–16.7	3
3	S. Central	–17.7	1
4	Pacific	–18.1	6
5	Northeast	–19.5	5
6	E.N. Central	–24.2	7
7	S. Central	–29.9	2

Figure 3

MOTORHOMES, YEAR-TO-DATE

Dec. '89 Rank	Region	% of Change Year-to-Date	Nov. '89 Rank
1	S. Central	– 2.7	1
2	Pacific	– 6.2	2
3	W.N. Central	– 7.3	3
4	S. Atlantic	– 9.4	4
5	E.N. Central	– 9.5	5
6	Northeast	– 9.7	6
7	Mountain	–11.7	7

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

Virginia had the largest decline there.

By the end of 1989, the motorhome market had fallen by 4,700 units, or 7.8%, compared with the retail total of 1988. Figure 4 features a ranking of the seven national regions according to the percent of change in 1989 sales compared with 1988. The South Central region took the lead for 1989, and Texas had the largest gain over 1988 in the region. In the Mountain region, which had the worst retail record for 1989, Arizona had the largest decline.

The best way to sum up the experience of the 1989 RV-retail market is to say that there was an industrywide sell-down of RV inventory. The wholesale shipment declines were almost twice as large as those in the retail market. As a result, the 1989 year-end inventory levels were much improved over 1988 year-end levels, and the growth rate for wholesale shipments should run much closer to the retail pace in 1990. The target buyer is still committed to the concept of RVing, and we expect the 1990s to be a good decade for the RV industry. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

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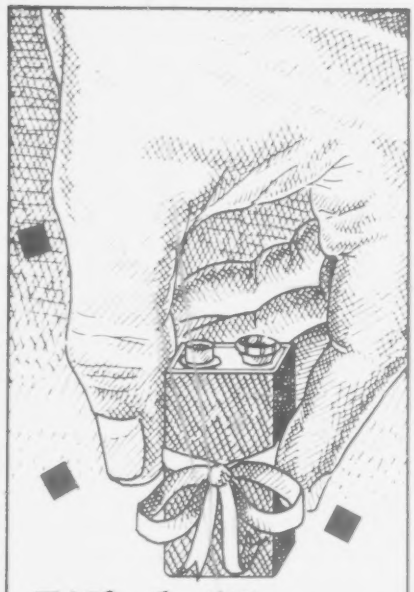

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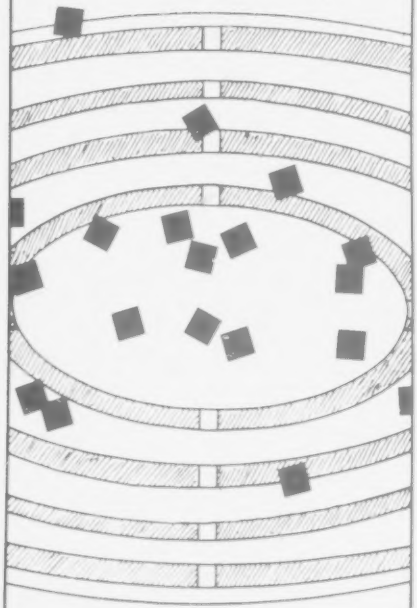

Smoke detectors have birthdays too—and new batteries are the best present you can give them. Test your smoke detectors' batteries once a month and replace batteries at least once a year.

A message from the U.S. Fire Administration and this publisher.

'90 GROWTH PROSPECTS LOWEST SINCE 1982

ROBERT J. EGGERT SR.

The March consensus forecast of 51 economists for real (inflation-adjusted) gross national product (GNP) growth in 1990 inched up a tenth of a percentage point from a month ago to 1.7%. However, the year-over-year outlook remains the most sluggish since the recession year of 1982.

Most of the 26 economists who revised their GNP projections upward this month indicated it was largely a statistical correction reflecting the government's revision in fourth-quarter 1989 growth from an annualized rate of 0.5% to 0.9%. The consensus estimate for real GNP growth in 1991 remained unchanged from a month ago at 2.4%, a shade below the 10-year projected long-range average.

Inflation in 4%-Plus Range

For a third consecutive month, the consensus estimate for the GNP implicit price deflator predicted a year-over-year increase of 4.0% for both 1990 and 1991. However, the Consumer Price Index (CPI) for 1990 rose another tenth of a percentage point to 4.4%. The consensus estimate for the CPI in 1990 was 0.3 percentage points higher than in January.

The sharp jump in consumer and producer price indexes during January was emphasized as the major factor contributing to the upward revisions we have seen from our panel members. The 1991 estimate for the CPI—4.2%—was identical to the estimate in both January and February.

Short-Term Interest Rates Ease

A half a percentage point drop from the recent uptick in interest rates is the most that can be expected. In fact, this will be confined to short-term rates, with long-term rates now expected to hold relatively steady. Competitive yields in Japan and Europe, and the expected moderate advance in U.S. economic activity, are the key factors.

Projections vs. Recent History

Below is a brief summary of our popular biannual long-range consensus projections. Long-range trend projections are essential for capital planning. While a useful guide, they must be used with caution.

The projected 10-year employment growth estimate of 18 million during the 1990s is encouraging. However, it continues to anticipate that productivity growth will remain sluggish—especially compared with the 1960s. Δ

The above article was written by Robert J. Eggert Sr., president of Eggert Economic Enterprises Inc., whose unique forecasting method derives from his monthly telephone polling of some 75 top economists. He reports what they say individually and gives a consensus of not only the current year but the year ahead as well. His address is P.O. Box 1569, Sedona, Ariz. 86336; or phone toll free, (800) 282-4883.

	Average Annual % Increase			
10-Year History[1]	Real GNP	CPI	Average Number of Civilian Jobs (Mil.)	Average Job Growth Over 10 Years (Mil.)
1960s	4.1%	2.4%	70.7	8.9
1970s	2.8	7.1	87.4	16.7
1980s	2.7	5.6	106.7	19.3
Long-Range Consensus Est.				
1990s	2.6	4.0	124.7[2]	18.0

[1] Sources: Bureau of Economic Analysis and Bureau of Labor Statistics.

[2] Sources: Derived from labor-force projections and Blue Chip Consensus Unemployment estimates.